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LEARJET, BEECH WIN MAJOR AIR FORCE LEASE CONTRACTS

Gates Learjet Corp. and Beech Aircraft Corp. won major contracts from the U.S. Air Force last week to provide replacements for the service's fleet of Rockwell CT-39 (Sabre 40) aircraft. While the $86.6 million award to Beech is a continuation of that company's lucrative military business, the $175.4 million contract to Learjet represents a major breakthrough for the company in getting its aircraft into the U.S. military fleet *(see related item on Page 101).*

Under the firm fixed-price contracts, Learjet will lease 80 Model 35A turbofan aircraft—to be designated C-21A—to the Air Force for an initial period of five years *(see photo on back of Page 98).* In addition, there is an option for the Air Force to lease 20 additional C-21As. If the Air Force exercises that option, plus options to extend the lease for an additional three years and to purchase the aircraft, the value of the contract could grow to approximately $400 million. Deliveries are scheduled to begin in April 1984 at a rate of four aircraft per month.

Contact provides for Learjet personnel to provide maintenance and logistics support for the aircraft and also includes training for three Air Force pilots per aircraft. All training will be conducted at Learjet headquarters in Tucson in cooperation with FlightSafety International. Pilots will receive one week each of ground and simulator training before beginning actual flight training leading to issuance of a Learjet type rating.

Variety of Configurations Possible

All 80 aircraft will be basically off-the-shelf models with some minor modifications. A forward passenger window will be eliminated to reduce weight, the standard beverage service unit will be eliminated in favor of a closet and all the planes will be equipped with the wide cabin door offered as an option on commercial aircraft. The Operational Support Aircraft will be used for a variety of missions including passenger transport (seven or eight passengers), medevac, cargo and ferry flights. For that reason all will be equipped with quick-change interiors permitting rapid conversion from one configuration to another. The ferry configuration will include installation of a fuel tank in the cabin that will boost the plane's range to about 2,700 nautical miles. Without that tank, range will be just over 2,100 nm. Maximum payload will be 3,153 pounds, service ceiling will be 45,000 feet and the aircraft will be capable of a high speed cruise of 464 knots or .81 Mach.

Learjet Selected Over Citation Model

Learjet won the competition for the C-21A over Cessna Aircraft which had bid a version of its Citation II. Sources said that Learjet underbid Cessna on the first round of "best and final offers," but in a second round of "best and final" bids, Cessna's price came in just under Learjet. The Air Force said the basis for the award was: operational utility (payload, range, speed); the capability of the manufacturer to provide maintenance and logistics support; and, last, cost and pricing. A Cessna spokesman said the company was disappointed the Citation II was not selected, but said Cessna does not plan to protest the contract award to Learjet. Cessna was selected over Learjet earlier this year for a $159.4 million contract to

(Continued on the following page)

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STATUS OF AIRPORT AND AIRWAY TRUST FUND
July 31, 1983

		Current Month	Fiscal Year to Date
I.	BALANCE - BEGINNING OF PERIOD	$ 5,110,212,327.38	$ 3,881,478,472.29
II.	RECEIPTS:		
A.	Excise Taxes (Transferred from General Fund):		
	1. Any liquid fuel other than gasoline	3,000,000.00	56,896,995.00
	2. Tires used on aircraft	82,000.00	782,000.00
	3. Tubes used on aircraft	9,000.00	92,000.00
	4. Gasoline:		
	a. Commercial 9 cents tax	262,000.00	1,477,000.00
	b. Non-commercial 9 cents tax	2,817,000.00	15,435,851.00
	c. Non-commercial 5 cents tax	940,000.00	17,073,154.00
	5. Transportation by air, seats, berths, etc.	143,000,000.00	1,457,050,169.00
	6. Use of international travel facilities	7,000,000.00	47,645,033.00
	7. Transportation of property and cargo	9,000,000.00	81,557,976.00
	8. Use of civil aircraft	-0-	-0-
	Total Tax Receipts	166,110,000,000.00	1,678,010,178.00
B.	Less Reimbursement to General Fund-Refund of Taxes and Estimated Tax Credits:		
	1. Commercial aviation gasoline	-0-	-0-
	2. Non-commercial gasoline	-0-	-0-
	3. Civil aircraft	-0-	127,942.00
	4. Any liquid fuel other than gasoline	-0-	112,264.00
	5. Gasoline - Retailer's tax	-0-	270.00
	6. Airline Ticket Refund	-0-	-0-
	7. Gasoline - Manufacturers Tax	-0-	-0-
	Total Reimbursement for Tax Refunds.	-0-	240,476.00
	Net Tax Receipts	166,110,000.00	1,677,769,702.00
C.	Federal Payments	-0-	-0-
D.	Transfers from the General Fund	-0-	-0-
E.	Interest on Investments	1,113,385.97	519,813,921.51
	Net Receipts	167,223,385.97	2,197,583,623.51
III.	EXPENDITURES:		
A.	Federal Aviation Administration:		
	1. Operations	161,999,360.00 1/	437,993,381.17
	2. Grants-in-Aid for Airports	38,717,961.21	332,215,593.28
	3. Facilities and Equipment	15,634,429.11	196,758,532.52
	4. Research, Engineering and Development	4,868,473.50	55,859,184.30
B.	Aviation Advisory Commission-Salaries & Expense	-0-	-0-
C.	Interest on Refunds of Taxes	-0-	19,915.00
	Total Expenditures	221,220,223.82	1,022,846,606.27
IV.	BALANCE-END OF PERIOD	5,056,215,489.53	5,056,215,489.53

STATEMENT OF FINANCIAL CONDITION

ASSETS:		
Undisbursed Balances:		
Airport and Airway Trust Fund (20X8103)	$ 205.21	
Operations	152,008,478.75	
Grants-in-Aid for Airports	(30,376,748.72)	
Facilities and Equipment	7,120,740.92	
Research, Engineering and Development	(6,841,186.63)	
Aviation Advisory Commission-Salaries and Expenses	-0-	$ 121,911,489.53
INVESTMENTS:		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
10-3/4% maturing June 30, 1984	4,934,304,000.00	4,934,304,000.00
Total Assets		5,056,215,489.53
LIABILITIES:		
EQUITY:		
Excess Assets over Liabilities		$ 5,056,215,489.53
Total Liabilities and Equity		5,056,215,489.53

1/ Expenditures incorrectly reported in June. Approximately $152 million will be reported in August for June

Department of Treasury Chart